



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
[www.uspto.gov](http://www.uspto.gov)

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/753,879	01/03/2001	L. Cade Havard	P04619US0	1966
22885	7590	11/12/2004	EXAMINER	
MCKEE, VOORHEES & SEASE, P.L.C. 801 GRAND AVENUE SUITE 3200 DES MOINES, IA 50309-2721			BUI, KIM T	
		ART UNIT		PAPER NUMBER
				3626

DATE MAILED: 11/12/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	Application No.	Applicant(s)
	09/753,879	HAVARD, L. CADE
	Examiner Kim T. Bui	Art Unit 3626

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) Responsive to communication(s) filed on 03 January 2001.  
 2a) This action is FINAL.                    2b) This action is non-final.  
 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 1-19 is/are pending in the application.  
 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.  
 5) Claim(s) \_\_\_\_\_ is/are allowed.  
 6) Claim(s) 1-19 is/are rejected.  
 7) Claim(s) \_\_\_\_\_ is/are objected to.  
 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.  
 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
     Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
     Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).  
 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
 a) All    b) Some \* c) None of:  
 1. Certified copies of the priority documents have been received.  
 2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)  | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | Paper No(s)/Mail Date. _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
|  | 6) <input type="checkbox"/> Other: _____                                    |

## DETAILED ACTION

### ***Claim Rejections - 35 USC § 101***

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 1-19 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts. The body of the claim(s) must recite how the technological art is employed to produce a useful, concrete and tangible result in a non-trivial manner.

- (A) In the present case, claims 1-19 recite an abstract idea only. The recited steps of the claims are merely for measuring, comparing health care network utilization, projecting future savings, selecting and forming virtual health care networks do not

involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper.

In addition, for a claimed invention to be statutory, it must produce a useful, concrete, and tangible result. In the present case, the claimed invention produces a method for comparing cost and projecting savings(i.e., repeatable) used in healthcare network (i.e., useful and tangible).

Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-19 deemed to be directed to non-statutory subject matter.

***Claim Rejections - 35 USC § 112***

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 1-19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

(A) As per claim 1, the body of the claims fails to recite how the "minimizing the inconvenience" function in the preamble is accomplished. "first ever method" on line 1 of claim 1 is confusing, not positively recited and not defined by the steps of the claim.

(B) As per claim 9, the body of the claims fails to recite how the "minimizing the inconvenience" function in the preamble is accomplished. "A new method" on line 1 of claim 9 is confusing, not positively recited and not defined by the steps of the claim.

(C) As per claim 12, the body of the claims fails to recite how the "selecting" function in the preamble is accomplished. "A new method" on line 1 of claim 12 is confusing, not positively recited and not defined by the steps of the claim.

Dependent claims 2-8, 10, 13-19 incorporate the deficiencies of the claims they depend on and are therefore rejected.

***Claim Rejections - 35 USC § 103***

5. Claims 1-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lockwood (5706441) in view of Goodroe et al (US 2002/0123905 A1) and "For Health Benefits, Point and Click" by Leonard Bill.

(A) As per claim 1, Lockwood discloses a method for monitoring and accessing healthcare network performance comprising:

a. providing at least one or more healthcare providers within healthcare networks. Lockwood, the abstract, col. 1, lines 15-20, lines 40-43, col. 5, lines 45-51;  
b. for each healthcare network, collecting information concerning utilization of the providers. Lockwood, the abstract, col. 1, lines 29-40, Fig. 1, element 30, col. 5, lines 45-55, col. 8, lines 36-41;

c. computing a measure of utilization for each of the healthcare providers. Lockwood, col. 4, lines 1-30, col. 11, line 10 to col. 13, line 45.

d. comparing the measures of utilization, Lockwood, col. 11, lines 30-44, col. 11, line 45 to col. 13, line 45, col. 5, lines 25-30..

e. selecting and classifying the provider(s) as having efficient cost efficiency ( i.e. projecting healthcare savings) from the comparison . Lockwood, col. 13, lines 15-30.

Lockwood fails to expressly recite future savings and forming virtual network. This, however, is well known as evidenced by Goodroe et al and Leonard. Goodroe et al. teaches a healthcare system in which future cost savings and expenses are predicted, Goodroe et al., paragraphs 0005,0079. It would have been obvious to one having ordinary skill in the art to include future savings and with the motivation of reducing waste as to provide a best healthcare and still turn a profit. Goodroe, paragraphs 0002-0003. Leonard teaches online technology for creating full services health benefit web sites or virtual preferred provider organizations (PPOs). Leonard, paragraphs 1,2,5,6. It would have been obvious to one having ordinary skill in the art to include online healthcare websites or virtual healthcare organizations with the motivation of offering health benefits more efficiency at a lower cost. Leonard, third paragraph, lines 4-6.

(B) As per claim 9, Lockwood discloses a method for monitoring and accessing healthcare network performance for optimization comprising:

a. collecting the information concerning the patients (i.e. participants) including tracking and monitoring individual records of patients using the health care provider's services within the network. Lockwood, the abstract, col. 1, lines 15-20, lines 40-43, col. 5, lines 45-51;

b. determining utilization for each healthcare providers for cost and case load complexity levels based on the stored records of the number of participants who received services from the healthcare providers under the networks. Lockwood, the

abstract, col. 1, lines 29-40, Fig. 1, element 30, col. 5, lines 45-55, col. 8, lines 36-41; col. 4, lines 1-60, col. 11, line 10 to col. 13, line 45.

c . computing a measure of utilization for each of the healthcare providers.

Lockwood, col. 4, lines 1-30, col. 11, line 10 to col. 13, line 45.

d. comparing the measures of utilization, Lockwood, col. 11, lines 30-44, col. 11, line 45 to col. 13, line 45, col. 5, lines 25-30..

e. selecting and classifying the provider(s) as having efficient cost efficiency ( i.e. projecting healthcare savings) from the comparison . Lockwood, col. 13, lines 15-30.

Lockwood fails to expressly recite future savings and designing virtual PPOs network. This, however, is well known as evidenced by Goodroe et al. Goodroe et al. teaches a healthcare system in which future cost savings and expenses are predicted, Goodroe et al., paragraphs 0005,0079. It would have been obvious to one having ordinary skill in the art to include future savings with the motivation of reducing waste as to provide a best healthcare and still turn a profit. Goodroe, paragraphs 0002-0003.

Leonard teaches online technology for creating full services health benefit web sites or virtual preferred provider organizations (PPOs). Leonard, paragraphs 1,2,5,6. It would have been obvious to one having ordinary skill in the art to include online healthcare websites or virtual healthcare organizations with the motivation of offering health benefits more efficiency at a lower cost. Leonard, third paragraph, lines 4-6.

(C) As per claim 12, Lockwood discloses a method for monitoring and accessing healthcare network performance for optimization comprising:

a. determining total health care costs for patients (i.e. participants) for a selected time period. Lockwood, the abstract, col. 9, lines 10-60, col. 1, lines 15-20, lines 40-43, col. 5, lines 45-51; Fig. 5.

b. determining a portion of the total health care costs. Lockwood, col. 6, lines 30-51, the abstract, col. 1, lines 29-40, Fig. 1, element 30, col. 5, lines 45-55, col. 8, lines 36-41; col. 4, lines 1-60, col. 11, line 10 to col. 13, line 45.

c . calculating an average cost efficiency per selected procedure performed on participant . Lockwood, col. 12, line 49 to col. 13, line 30.

Lockwood fails to expressly recite projecting future savings based on cost efficiency or discount. This, however, is well known as evidenced by Goodroe et al. Goodroe et al. teaches a healthcare system in which future cost savings and expenses are predicted, Goodroe et al., paragraphs 0005,0079. It would have been obvious to one having ordinary skill in the art to include future savings with the motivation of reducing waste as to provide a best healthcare and still turn a profit. Goodroe, paragraphs 0002-0003. In addition, Leonard teaches a virtual PPOs network for as an option for lowering cost by offering discounts. Leonard, paragraphs 1,2,5,6, 15-18,21-23. It would have been obvious to one having ordinary skill in the art at the time of the invention to include PPOs discounts with the motivation of reducing cost for healthcare benefits. Leonard, paragraph 3, lines 4-6.

(D) As per claims 3,4,10,11,14,15, Lockwood teaches the managed healthcare plans with providers and administrators. Lockwood, col. 1, lines 29-43, and Leonard teaches virtual PPOs in paragraphs 2, 16-17.

(E) As per claims 2,13, Lockwood teaches network utilization includes healthcare cost, the calculation of cost efficiency based on historical cost on col. 4, lines 20-30, col. 6, lines 12-68, col. 9, lines 43-62. Furthermore, the projected future savings and discounts are disclosed in paragraphs 0002-0003 of Goodroe et al. and paragraphs 15-18,21-23 of Leonard respectively.

(F) As per claims 7,8, Lockwood teaches the network utilization includes healthcare cost. The cost can include a percentage or a total (i.e. procedure by procedure basis for each of the services performed by the providers). Lockwood, col. 13, lines 25-31.

(G) As per claims 5,6, Lockwood teaches the measures of utilization includes complexity and severity on events involve in-patient services or out-patients services. As such, the tracking and monitoring of patient(s) (i.e. participants) associated with in-patient services or out-patient services are necessary for calculating purposes. Lockwood, col. 2, lines 1-10, col. 4, lines 1-4.

(H) As per claims 16,17,18, Lockwood teaches the cost determination from the claims and payments. Lockwood, col. 12, line 62 to col. 13, line 30, col. 6, lines 13 to col. 8, line 15, col. 9, lines 10-62.

6. Claim 19 is rejected under 35 U.S.C. 103(a) as being unpatentable over Lockwood (5706441) in view of Goodroe et al (US 2002/0123905 A1) and "For Health Benefits, Point and Click" by Leonard Bill as applied to claim 18 above, and further in view of Warady et al. (6067522).

(A) As per claim 19, Lockwood, Goodroe et al. and Leonard fail to teach IRS report. This, however, is well known as evidenced by Warady et al. See Warady et al., Fig 2,

element 180, col. 6, lines 24-35. It would have been obvious to one having ordinary in the art at the time of the invention to include IRS report with the motivation of making use of readily available information and conforming to standard operation.

***Conclusion***

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. "System For Flexible Benefits" (6092047); " Medical Provider Utilization Profiles" (6223164); " Statistically-Based Medical Provider Utilization Profiles" (5557514).

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kim T. Bui whose telephone number is 703-305-5874. The examiner can normally be reached on Monday-Friday from 8:30A.M. to 5:00P.M..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Joseph Thomas can be reached on 703-305-9588. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Application/Control Number: 09/753,879

Art Unit: 3626

KO

KTB

11/09/2004

Alexander Kalinowski  
Page 10

ALEXANDER KALINOWSKI  
PRIMARY EXAMINER